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Jim O'Connor - Chairman  
Lea Márquez Peterson  
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Nick Myers



NICK MYERS  
Commissioner

## ARIZONA CORPORATION COMMISSION

March 31, 2023

*In the matter of the application of EPCOR Water Arizona, Inc., an Arizona Corporation: (1) for approval of its proposed standpipe water tariff; and (2) establishment of a certificate of convenience and necessity for standpipe water service only to the Rio Verde Foothills Community (W-01303A-22-0264)*

EPCOR Water Arizona and City of Scottsdale:

The Commission has a constitutional duty to establish “just and reasonable rates” for the customers of the public service corporations it regulates.<sup>1</sup> Therefore, in exercising its due diligence, the Commission must always evaluate the cost effectiveness of proposals under its consideration. This responsibility applies in this case as well, where EPCOR is seeking to provide standpipe water service to the Rio Verde Foothills community.

EPCOR’s December 7 letter to the ACC’s Utilities Division Director included four potential options for a standpipe serving the Rio Verde Foothills community falling along a continuum of cost effectiveness, from least expensive to the most expensive: 1) Using Scottsdale’s existing system and standpipe; 2) Using Scottsdale’s system and a to-be-built EPCOR standpipe; 3) Connecting a new standpipe to Rio Verde Utilities’ existing system; 4) Building a standalone standpipe in the Rio Verde Foothills area.<sup>2</sup> The two most cost-effective options can only occur if the City of Scottsdale agrees to work with EPCOR.

In its March 13 Staff Report, the ACC Utility Staff outlined these four options and stated that at the time of filing its report it was Staff’s “understanding that Scottsdale has not offered to enter into any agreement with EPCOR for use of Scottsdale’s standpipe or system.”<sup>3</sup> In EPCOR’s March 27 response to a letter I docketed on February 2,<sup>4</sup> EPCOR stated that the first three options included in its December 7 letter “do not appear to be viable alternatives.”<sup>5</sup>

My question for EPCOR and the City of Scottsdale is whether there have been any discussions regarding the two most cost-effective options outlined in EPCOR’s December 7 letter. If there have been discussions, when did they take place and what was the outcome? Why has EPCOR concluded that these two options appear not to be viable alternatives? If there have not been

<sup>1</sup> Ariz. Const. art. XV, § 3.

<sup>2</sup> EPCOR, Letter to Elijah Abinah, Utilities Division Director, December 7, 2022, <https://docket.images.azcc.gov/E000022818.pdf?i=1680280996291>.

<sup>3</sup> Elijah Abinah, Utilities Division Director, Staff Report, March 13, 2023, <https://docket.images.azcc.gov/E000024870.pdf?i=1680280996291>.

<sup>4</sup> Commissioner Myers letter, February 2, 2023, <https://docket.images.azcc.gov/E000024032.pdf?i=1680280996291>.

<sup>5</sup> EPCOR response to Commissioner Myers, March 27, 2023, <https://docket.images.azcc.gov/E000025277.pdf?i=1680280996291>.

discussions, why is that the case? My hope is that all stakeholders involved, especially elected officials, would want the most cost-effective solution possible.

As I continue to evaluate EPCOR's application to provide standpipe water service to the Rio Verde Foothills community, I want to make sure more cost-effective options have been properly explored. The hearing for EPCOR's application begins on Monday, April 10. It would be helpful to have a response to this letter by Friday, April 7.

I'm looking forward to your responses.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nick Myers', with a long, sweeping horizontal stroke extending to the right.

Commissioner Nick Myers